

**Magellan Aerospace Corporation
 Fourth Quarter Report
 December 31, 2006**

Magellan Aerospace Corporation (the "Corporation" or "Magellan") is listed on the Toronto Stock Exchange under the symbol MAL. The Corporation is a diversified supplier of components to the aerospace industry. Through its network of facilities throughout North America and the United Kingdom, Magellan supplies leading aircraft manufacturers, airlines and defence agencies throughout the world.

Financial Results

On April 2, 2007, the Corporation released its financial results for the fourth quarter of 2006. The results are summarized as follows:

	Three-months ended December 31			Twelve-months ended December 31		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands, except per share amounts)</i>						
Revenues	\$ 144,677	\$ 142,764	1.4%	\$ 575,223	\$ 568,483	1.2%
Net loss	\$ (1,276)	\$ (3,494)	-	\$ (7,380)	\$ (6,076)	-
Net loss per share	\$ (0.02)	\$ (0.05)	-	\$ (0.10)	\$ (0.08)	-
EBITDA*	\$ 10,181	\$ 8,886	14.6%	\$ 40,869	\$ 38,068	7.4%
EBITDA* per share	\$ 0.11	\$ 0.10	10%	\$ 0.45	\$ 0.42	7.1%

This quarterly statement contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements.

***The Corporation has included certain measures in this quarterly statement, including EBITDA, the terms for which are not defined under Canadian generally accepted accounting principles. The Corporation defines EBITDA as earnings before interest, taxes, depreciation and amortization, and non cash charges. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures are unlikely to be comparable to similarly titled measures used by other companies.**

Management's Discussion and Analysis

During the fourth quarter of 2006, trends in the aerospace industry continued to show strong demand for aircrafts and increased profitability for many airline companies and airplane producers. These positive trends in the industry have contributed to Magellan's increased sales volume as production rates increase for programs currently in production, and increased activity on other programs will result in revenues in the future from original equipment manufactures (OEMs) for both aerostructure and aeroengine components.

The A380 program suffered well-publicized delays at Airbus in 2006, continuing into 2007. Magellan has exposure to the program and the impact in 2006 was primarily delayed revenue, with the cumulative reduction in 2006 revenue to these delays being approximately \$20 million. Magellan expects that these revenues will be restored over the next few years.

While results for the fourth quarter of 2006 were disappointing, Magellan continues its effort to improve efficiencies in operations through the implementation of cost reduction initiatives, improvement of manufacturing techniques and the reorganization and rejuvenation of its facilities. Work on these initiatives has been ongoing through the fourth quarter of 2006 and the Corporation expects to see the benefit of these improvements in 2007 and beyond.

The unsatisfactory financial results combined with added investment in programs that are not yet in full production have put strain on the Corporation's working capital in the period. On March 30, 2007, the Corporation renewed its operating credit facility and the maximum amount available under the operating credit facility was increased by \$20 million to \$175 million. In addition, the Corporation borrowed \$15 million by way of a secured promissory note from a corporation with a common director.

For additional information please refer to the " *Management's Discussion and Analysis*" section of the Annual report available on www.sedar.com.

Revenues

	Three-months ended December 31			Twelve-months ended December 31		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands)</i>						
Canada	\$ 68,962	\$ 70,445	-2.1%	\$ 273,305	\$ 277,530	-1.5%
United States	45,638	48,581	-6.1%	186,597	183,811	1.5%
United Kingdom	30,077	23,738	26.7%	115,321	107,142	7.6%
Total Revenue	\$ 144,677	\$ 142,764	1.4%	\$ 575,223	\$ 568,483	1.2%

Consolidated revenues for the fourth quarter of 2006 were \$144.7 million, an increase of \$1.9 million or 1.4% over the same period in 2005. The decline in the value of the US dollar versus the Canadian dollar continued to have a negative impact on revenue of \$0.9 million during the fourth quarter and a 2006 yearly impact of \$31.5 million. If the average exchange rate experienced in 2005 had remained constant in 2006 revenues for the fourth quarter of 2006 and the year ended December 31, 2006 would have been \$145.6 million and \$606.7 million, respectively.

Gross Profit

	Three-months ended December 31			Twelve-months ended December 31		
	2006	2005	Change	2006	2005	Change
<i>(Expressed in thousands)</i>						
Gross profit	\$ 10,792	\$ 13,577	-20.5%	\$ 51,271	\$ 56,450	-9.2%
Percentage of revenue	7.5 %	9.5 %		8.9 %	9.9 %	

Gross profit for the fourth quarter of 2006 was \$10.8 million or 7.5% of revenues, compared to \$13.6 million or 9.5% of revenues in the same period of last year. Gross margins for the quarter did not achieve expected levels of improvement. During the second half of 2006 the Corporation rationalized and modernized four of its manufacturing facilities in order to

streamline production and increase capacity. The benefit of these efforts combined with further steps taken to improve manufacturing techniques and implement other cost reduction initiatives should have a positive impact on results commencing in 2007.

Administrative and General Expenses

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Administrative and general expenses	\$ 10,598	\$ 12,347	\$ 40,856	\$ 46,110
Net loss (gain) on sale of capital assets	539	-	238	(1,442)
Foreign exchange gain	(3,851)	(288)	(4,429)	(1,624)
Total administrative and general expenses	\$ 7,286	\$ 12,059	\$ 36,665	\$ 43,044
Percentage of revenue	5.0%	8.5%	6.4%	7.6%

Total administrative and general expenses were \$7.3 million in the fourth quarter of 2006. Included in total administration and general expenses are a foreign exchange gain of \$3.9 million and a loss on the sale of assets of \$0.5 million. Without these two items, administrative and general expenses were \$10.6 million or 7.3% of revenues in the fourth quarter of 2006 compared to \$12.3 million or 8.6% of revenues in the same period in 2005. This represents a decrease of \$1.7 million from the fourth quarter of 2006 to 2005.

Interest Expense

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Interest on bank indebtedness and long-term debt	\$ 3,408	\$ 2,894	\$ 10,442	\$ 11,172
Convertible debenture interest	1,488	1,488	5,950	5,950
Accretion charge for convertible debt	570	831	2,289	2,211
Discount on sale of accounts receivable	643	388	3,693	2,201
Total interest expense	\$ 6,109	\$ 5,601	\$ 22,374	\$ 21,534

Interest expense in the fourth quarter of 2006 was \$6.1 million, \$0.5 million higher than in the fourth quarter of 2005. The higher expense is due to higher discounts on the sale of accounts receivable resulting from higher amounts of accounts receivable sold and is also due to higher interest on bank indebtedness and long term debt. In addition, there were higher amounts of long term debt and bank indebtedness in the fourth quarter of 2006 as compared to the fourth quarter of 2005.

Provision for (Recovery of) Income Taxes

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Provision for current income taxes	\$ 181	\$ 268	\$ 264	\$ 688
Recovery of future income taxes	(757)	(857)	(3,107)	(2,740)
Total recovery of income taxes	\$ (576)	\$ (589)	\$ (2,843)	\$ (2,052)
Effective Tax Rate	31.1%	14.4%	27.8%	25.2%

A recovery of income taxes of \$0.6 million was recorded in the fourth quarter of 2006 and 2005. The overall tax rate is a blended rate across the three countries in which the Corporation operates. At lower levels of income, non-deductible expenses such as accretion on convertible debenture and stock option charges have larger effects on the effective tax rate.

EBITDA

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Net loss for the period	\$ (1,276)	\$ (3,494)	\$ (7,380)	\$ (6,076)
Interest	6,109	5,601	22,374	21,534
Taxes	(576)	(589)	(2,843)	(2,052)
Stock based compensation	255	180	945	620
Amortization charge (note 2)	-	-	5,301	-
Depreciation and amortization	5,669	7,188	22,472	24,042
EBITDA	\$ 10,181	\$ 8,886	\$ 40,869	\$ 38,068

EBITDA for the fourth quarter of 2006 improved by \$1.3 million from the fourth quarter of 2005 despite a number of factors affecting results such as the decline of the US dollar versus the Canadian dollar and the facility rationalization charges.

Cash Flow from Operating Activities

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
(Increase) decrease in accounts receivable	\$ (3,161)	\$ 6,090	\$ 6,206	\$ 5,009
Decrease (increase) in inventories	5,166	9,874	(9,991)	(559)
Increase in prepaid expenses and other	(1,997)	(681)	(606)	(1,756)
Increase (decrease) in accounts payable	2,853	11,013	(8,170)	436
Net change in non-cash working capital items	\$ 2,861	\$ 26,296	\$ (12,561)	\$ 3,130
Cash provided by operating activities	\$ 4,057	\$ 30,144	\$ 2,599	\$ 19,808

In the fourth quarter of 2006, the Corporation generated \$4.0 million of cash from operations, compared to \$30 million of cash generated in the same period of 2005. Lower cash amounts were generated in the fourth quarter of 2006 compared to the same period in 2005 because of increases in accounts receivable, prepaid expenses and other, and lower increases in accounts payable.

Cash Flow from Investing Activities

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Purchase of capital assets	(10,782)	(7,597)	(30,972)	(19,185)
Proceeds from disposals of capital assets	5,739	-	9,708	3,746
(Increase) decrease in other assets	(359)	(3,853)	(1,999)	(12,612)
Cash used in investing activities	\$ (5,402)	\$ (11,450)	\$ (23,263)	\$ (28,051)

In the fourth quarter of 2006, the Corporation invested \$11.0 million in capital assets to upgrade its facilities and enhance its capabilities. This was partially funded by proceeds from the sale of capital assets of \$5.7 million.

Cash Flow from Financing Activities

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands)</i>				
Increase (decrease) in bank indebtedness	\$ 609	\$ (10,898)	\$ 28,138	\$ 50,826
Advance (repayment) of long-term debt	506	(537)	5,456	(50,276)
Decrease in long-term liabilities	(2,285)	(7,225)	(9,982)	(12,480)
Dividends on Preference Shares	(400)	(1,080)	(1,600)	(1,080)
Issue of Common Shares	10	57	50	84
Issue of Preference Shares	-	-	-	19,949
Cash (used in) provided by financing activities	\$ (1,560)	\$ (19,683)	\$ 22,062	\$ 7,023

The Corporation renewed its operating credit facility, on March 30, 2007, with its existing lenders. Under the terms of the renewed agreement, the maximum amount available under the operating credit facility was increased by \$20 million to \$175 million with a maturity date of May 24, 2008. The facility is extendable for unlimited one-year renewal periods and continues to be fully guaranteed by the Chairman of the Board of the Corporation.

On March 30, 2007, the Corporation borrowed \$15 million by way of a secured promissory note from a corporation with a common director. This note is due July 1, 2008 and bears interest at a rate of 9% per annum. The note is collateralized and subordinated to the bank credit facility.

In 2004, the Corporation entered into a five-year accounts receivable securitization program with a securitization trust (the "Trust"). Subsequent to December 31, 2006, the Trust suspended its securitization program with the Corporation. The Corporation does not expect to incur any costs to extinguish this program and is actively pursuing other opportunities for accounts receivable securitization.

Outlook

Magellan is looking forward to a series of positive milestones in 2007 as new programs move from engineering and develop to production. The F35 Joint Strike Fighter program will enter low rate production, and this will include the delivery of key components on the airframe, engine and vertical lift assemblies. In addition, 2007 will see Magellan convert current Letters of Intent and Memoranda of Understanding commitments into contracts for major composite assemblies on the F35 airframe. The Boeing B787 will enter into production in the third quarter, with Magellan supplying landing gear component assemblies. It is also hoped that deliveries of A380 components will resume as Airbus prepares for deliveries of the aircraft in 2008. All indications are that the strength of the business aircraft sector, where Magellan is a key supplier to many of the engine programs, will continue to grow.

In the first half of 2007, Magellan will complete its remaining rejuvenation projects at the plants, and will continue to grow its Strategic Sourcing. By taking advantage of efficiencies generated and lower costs from outsourcing, Magellan strives to remain globally competitive.

It has been a long, tough and grinding five years. We thank our shareholders for their infinite patience during this period and thank our employees for their unfailing attention to the job at hand. We are hopeful that 2007 will show that the effort was worthwhile.



Richard A. Neill
Vice Chairman
 April 2, 2007



James S. Butyniec
President and Chief Operating Officer

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS

(unaudited)

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands of dollars, except per share amounts)</i>				
Revenues	\$ 144,677	\$ 142,764	\$ 575,223	\$ 568,483
Cost of revenues	133,885	129,187	523,952	512,033
Gross profit	10,792	13,577	51,271	56,450
Administrative and general expenses	7,286	12,059	36,665	43,044
Facility rationalization (note 2)	(751)	-	2,455	-
Interest	6,109	5,601	22,374	21,534
	12,644	17,660	61,494	64,578
Loss before income taxes	(1,852)	(4,083)	(10,223)	(8,128)
Provision for (recovery of) income taxes				
- Current	181	268	264	688
- Future	(757)	(857)	(3,107)	(2,740)
	(576)	(589)	(2,843)	(2,052)
Net loss for the period	(1,276)	(3,494)	(7,380)	(6,076)
Retained earnings, beginning of period	99,715	111,593	107,019	114,175
Dividends on Preference Shares	(400)	(1,080)	(1,600)	(1,080)
Net loss for the period	(1,276)	(3,494)	(7,380)	(6,076)
Retained earnings, end of period	\$ 98,039	\$ 107,019	\$ 98,039	\$ 107,019
Earnings per share				
Basic	\$ (0.02)	\$ (0.05)	\$ (0.10)	\$ (0.08)
Diluted	\$ (0.02)	\$ (0.05)	\$ (0.10)	\$ (0.08)

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31,
 (unaudited)

	2006	2005
<i>(Expressed in thousands of dollars)</i>		
ASSETS		
Current		
Cash	\$ 9,896	\$ 7,426
Accounts receivable	58,066	62,862
Inventories	276,462	263,413
Prepaid expenses and other	10,396	9,343
Future income tax assets	5,914	3,518
Total current assets	360,734	346,562
Capital assets	265,078	264,899
Other	52,680	51,644
Future income tax assets	5,829	2,004
Total assets	\$ 684,321	\$ 665,109
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (note 4)	\$ 142,457	\$ 113,824
Accounts payable and accrued charges	128,066	122,978
Current portion of long-term debt	2,039	2,201
Total current liabilities	272,562	239,003
Long-term debt	15,902	9,608
Future income tax liabilities	20,785	28,553
Convertible debentures	67,430	65,141
Other long-term liabilities	2,748	15,061
Total liabilities	379,427	357,366
Shareholders' equity		
Capital stock (note 5)	234,171	234,058
Contributed surplus	1,799	854
Other paid-in capital	11,100	11,100
Retained earnings	98,039	107,019
Foreign exchange translation (note 8)	(40,215)	(45,288)
Total shareholders' equity	304,894	307,743
Total liabilities and shareholders' equity	\$ 684,321	\$ 665,109

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
<i>(Expressed in thousands of dollars)</i>				
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,276)	\$ (3,494)	\$ (7,380)	\$ (6,076)
Add (deduct) items not affecting cash				
Depreciation and amortization	5,669	7,188	22,472	24,042
Gain on sale of capital assets	(3,328)	-	(5,423)	(1,442)
Amortization charge (note 2)	-	-	5,301	-
Stock based compensation	255	180	945	620
Issuance of Common Shares to the directors	63	-	63	63
Accretion of convertible debentures	570	831	2,289	2,211
Future income taxes recoveries	(757)	(857)	(3,107)	(2,740)
	1,196	3,848	15,160	16,678
Net change in non-cash working capital items relating to operating activities	2,861	26,296	(12,561)	3,130
Cash provided by operating activities	4,057	30,144	2,599	19,808
INVESTING ACTIVITIES				
Purchase of capital assets	(10,782)	(7,597)	(30,972)	(19,185)
Proceeds from disposal of capital assets	5,739	-	9,708	3,746
(Increase) decrease in other assets	(359)	(3,853)	(1,999)	(12,612)
Cash used in investing activities	(5,402)	(11,450)	(23,263)	(28,051)
FINANCING ACTIVITIES				
Increase (decrease) increase in bank indebtedness	609	(10,898)	28,138	50,826
Increase (decrease) of long-term debt	506	(537)	5,456	(50,276)
Decrease in long-term liabilities	(2,285)	(7,225)	(9,982)	(12,480)
Dividends on Preference Shares	(400)	(1,080)	(1,600)	(1,080)
Issue of Common Shares	10	57	50	84
Issue of Preference Shares	-	-	-	19,949
Cash (used in) provided by financing activities	(1,560)	(19,683)	22,062	7,023
Effect of exchange rate changes on cash	981	(197)	1,072	(402)
(Decrease) increase in cash	(1,924)	(1,186)	2,470	(1,622)
Cash, beginning of period	11,820	8,612	7,426	9,048
Cash, end of period	\$ 9,896	\$ 7,426	\$ 9,896	\$ 7,426

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of dollars except share and per share data)

1. ACCOUNTING POLICIES

Basis of presentation

The accompanying un-audited consolidated financial statements have been prepared by the Corporation in accordance with accounting principles generally accepted in Canada on a basis consistent with those followed in the most recent audited consolidated financial statements. These un-audited consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Corporation's Annual Report for the year ended December 31, 2006. The Corporation's external auditors have not reviewed these financial statements.

2. FACILITY RATIONALIZATION

During 2006, the Corporation undertook a program to rationalize and modernize four of its facilities. As part of this rationalization program, the Corporation sold portions of its surplus real estate and realized gains on the sales. To prepare this real estate for sale, machinery and equipment was disposed of for minimal proceeds. Accordingly, a non-cash amortization charge was recorded in the consolidated financial statements.

Costs were also incurred to relocate machinery and equipment either to within the same facility or to new locations. As these are one-time amounts, and significantly large, they have been disclosed separately in the Consolidated Statements of Operations.

	2006
Amortization charge	\$5,301
Equipment relocation costs	2,815
Less gain on sale of surplus real estate	(5,661)
Facility rationalization costs	2,455

3. INVENTORIES

Due to the long-term contractual periods of the Corporation's contracts, the Corporation may be in negotiation with its customers over amendments to pricing or other terms. Management's assessment of the recoverability of amounts capitalized in inventory may be based on judgements with respect to the outcome of these negotiations. If the negotiations are not successful or the final terms differ from what the Corporation expects, the Corporation may be required to record a loss provision on this contract. The amount of such provision, if any, cannot be reasonably estimated until such amendments are finalized.

4. BANK INDEBTEDNESS

The Corporation has an operating credit facility of \$155,000 with a syndicate of banks. Bank indebtedness as at December 31, 2006 of \$142,457 [December 31, 2005 - \$113,824] is payable on demand and bears interest at the bankers' acceptance or LIBOR rates, plus 0.875% [5.9% at December 31, 2006]. Included in the amount outstanding at December 31, 2006 is US\$82,325 [December 31, 2005 - US\$71,000]. At December 31, 2006, the Corporation had drawn \$142,457 under the operating credit and had issued letters of credit totalling \$1,967 such that \$10,576 was unused and available. A fixed and floating charge debenture on certain of the Corporation's assets is pledged as collateral for the operating loan. The credit facility is fully guaranteed by the Chairman of the Board of Directors. An annual fee of \$155 [2005 - \$155] is paid in consideration for the guarantee.

The Corporation renewed its operating credit facility on March 30, 2007 as described in note 10.

5. CAPITAL STOCK

The following table summarizes information on share capital and related matters as at December 31, 2006:

	Outstanding	Exercisable
Common Shares	90,833,556	
Common Share stock options	3,919,600	753,050
Preference Shares	2,000,000	

The weighted average number of Common Shares outstanding during the three-month and twelve-month periods ended December 31, 2006 was 90,814,518 and 90,803,403 respectively.

6. STOCK-BASED COMPENSATION PLAN

The Corporation has an incentive stock option plan, which provides for the granting of options for the benefit of employees and directors. The maximum number of options for Common Shares that remain to be granted under this plan is 1,431,103. Options are granted at an exercise price that will be the market price of the Corporation's Common Shares at the time of granting. Options normally have a life of five years with vesting at 20% at the end of the first, second, third, fourth and fifth years from the date of the grant. In addition, certain business unit income tests must be met in order for the option holder's entitlement to fully vest.

The Corporation accounts for stock options issued after January 1, 2003 using the fair value method. Compensation expense recorded during the three-month and twelve-month periods ended December 31, 2006 was \$255 and \$945 respectively [2005 - \$180 and \$620 respectively]. In the twelve-month period ended December 31, 2006, there were 1,514,000 stock options issued at an exercise price of \$3.08. The fair value of these options was \$1.40.

The fair value of stock options is estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	4.0 %
Expected volatility	46 %
Expected life of the options	5 years
Expected dividend yield	0 %

The Black-Scholes option pricing model used by the Corporation to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. The Corporation's employee stock options are not transferable, cannot be traded and are subject to vesting restrictions and exercise restrictions under the Corporation's blackout policy, which would tend to reduce the fair value of the Corporation's stock options. Changes to the subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

For the stock options issued prior to January 1, 2003 the Corporation follows the intrinsic value method, which does not give rise to compensation expense. Under Canadian generally accepted accounting principles, the Corporation is required to disclose compensation expense as if the Corporation had elected to follow the fair value method for such options.

7. SEGMENTED INFORMATION

The Corporation is organized and managed as a single business segment, being aerospace, and the Corporation is viewed as a single operating segment by the chief operating decision maker for the purposes of resource allocations and assessing performance.

Capital assets are based on the country in which they are located. Domestic and foreign capital assets consist of:

	As at December 31, 2006				As at December 31, 2005			
	Canada	US	UK	Total	Canada	US	UK	Total
Capital assets	\$ 122,082	\$ 120,553	\$ 22,443	\$ 265,078	\$ 126,181	\$ 125,783	\$ 12,935	\$ 264,899

Revenue is attributable to countries based on the location of the customers. Domestic and foreign revenues consist of:

	Twelve-months ended December 31							
	2006				2005			
	Canada	US	UK	Total	Canada	US	UK	Total
Revenue								
Domestic	\$ 96,496	\$ 153,176	\$ 109,998	\$ 359,670	\$ 96,100	\$ 148,693	\$ 101,493	\$ 346,286
Export	176,809	33,421	5,323	\$ 215,553	181,430	35,118	5,649	222,197
Total revenue	\$ 273,305	\$ 186,597	\$ 115,321	\$ 575,223	\$ 277,530	\$ 183,811	\$ 107,142	\$ 568,483

The major customers for the Corporation for the three-month and twelve-month periods ended December 31 are as follows:

	Three-months ended December 31		Twelve-months ended December 31	
	2006	2005	2006	2005
Major Customers				
Canadian operations				
- Number of customers	3	4	3	4
- Percentage of total Canadian revenue	32 %	46 %	35 %	41 %
US operations				
- Number of customers	3	4	3	3
- Percentage of total US revenue	54 %	57 %	58 %	57 %
UK operations				
- Number of customers	1	1	1	1
- Percentage of total UK revenue	73 %	84 %	80 %	80 %

8. FOREIGN EXCHANGE TRANSLATION

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the Corporation's self-sustaining foreign operations, resulted in unrealized currency translation gain of \$8,523 and \$5,073 for the three-month and twelve-month periods ended December 31, 2006 respectively [2005 – losses of \$(1,338) and \$(9,460)], which is reflected as foreign exchange translation on the consolidated balance sheets and has no impact on net income.

9. SUPPLEMENTARY INFORMATION

Foreign exchange gain on the conversion of foreign currency denominated working capital balances and debt for the three-month and twelve-month periods ended December 31, 2006 was \$3,850 and \$4,429 respectively [2005 – gain of \$288 and \$1,624].

10. SUBSEQUENT EVENTS

In 2004, the Corporation entered into a five-year accounts receivable securitization program with the Trust. Subsequent to December 31, 2006, the Trust suspended its securitization program with the Corporation. The Corporation does not expect to incur any costs to extinguish this program and is actively pursuing other opportunities for accounts receivable securitization.

The Corporation renewed its operating credit facility, on March 30, 2007, with its existing lenders. Under the terms of the renewed agreement, the maximum amount available under the operating credit facility was increased by \$20,000 to \$175,000 with a maturity date of May 24, 2008. The facility is extendable for unlimited one-year renewal periods and continues to be fully guaranteed by the Chairman of the Board of the Corporation.

On March 30, 2007, the Corporation borrowed \$15,000 by way of a secured promissory note from a corporation with a common director. This note is due July 1, 2008 and bears interest at a rate of 9% per annum. The note is collateralized and subordinated to the bank credit facility.

For additional information contact:

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John B. Dekker
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